

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION**

Glenn Acciard, Howard Amberg, Anne and John America, William Bacigalupo, Jonathan and Cynille Bates, Peggy A. Bedwell, James M. Easterly, Irma Farmer, Robert and Karen Forscutt, Bruce and Mitzi Ghiloni, Noemi and George Hernandez, Daniel A. Hershberger, Astor HoSang, Wayne I. and Ruth Kacher, Sr., Kenneth and Catherine Kapp, Debra G. Laubach, Frederick C. Laubach Jr., Peter and Lynda Lewis, Donald L. and Lauren Lodarek, Andrew Colin Long, Donald and Nina H. Long, Richard and Tari Lee Marek, Thomas and Deborah McCann, Eileen Messier, Jeff and Elizabeth Montgomery, **Galen H. Neher**, Curt R. and Jeannette Nord, Bradley R. and Kelly Quisenberry, Stanley and Betty Rosenzweig, Alyce and Patrick Sheehan, Richard S. and Carol A. Shifflett, Merritt Lawrence Silcox, William and Kathleen Torlucci, James E. Wolfe, and Robert and Joan Wright.

CASE NO.: 2:07-CV-00476-MMH-DNF

Plaintiffs,

vs.

Russell Whitney, individually, John Kane, individually, Michael O. Kane, individually, Kane Properties, Inc., a Florida corporation d/b/a Gulfstream Development & Kane Realty, Whitney Education Group, Inc., Whitney Information Network, Inc., a Colorado corporation, Wealth Intelligence Academy, Inc., a Florida corporation, Gulfstream Development Group, LLC, a Florida limited liability corporation, CCFL1234, LLC f/k/a Gulfstream Realty & Development, LLC, a Florida limited liability corporation, Gulfstream Investment Group, LLC, a Florida limited liability corporation, United Mortgage Corporation, a Florida corporation, Kevin Caraotta, individually, Douglas Realty, Inc., a Florida corporation, Brian Haag, individually, Kevin Haag, individually, Douglas

Haag, individually, Paradise Title Services, Inc., a Florida corporation, Real Pro, LLC, a Florida limited liability corporation, David A. Wittig, individually, Hot Appraisals, LLC, a Florida limited liability corporation, Ashley L. Seibert, individually, The Construction Loan Company, Inc., a Michigan corporation, Greenbriar Real Estate Holdings, Inc. a Florida corporation, National Credit Union Administration Board as liquidator of Huron River Area Credit Union, Webster Bank, NA, Norlarco Credit Union, First Community Bank of Southwest Florida, and EMC Mortgage Corporation.

Defendants.

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FIRST AMENDED COMPLAINT

Plaintiffs Glenn Acciard, Howard Amberg, Anne and John America, William Bacigalupo, Peggy A. Bedwell, Jonathan and Cynille Bates, James M. Easterly, Irma Farmer, Robert and Karen Forscutt, Bruce and Mitzi Ghiloni, Noemi and George Hernandez, Daniel A. Hershberger, Astor HoSang, Wayne I. and Ruth Kacher, Sr., Kenneth and Catherine Kapp, Debra G. Laubach, Frederick C. Laubach, Jr., Peter and Lynda Lewis, Donald L. and Lauren Lodarek, Andrew Colin Long, Donald and Nina H. Long, Richard and Tari Lee Marek, Thomas and Deborah McCann, Eileen Messier, Jeff and Elizabeth Montgomery, Galen H. Neher, Curt R. and Jeannette Nord, Bradley R. and Kelly Quisenberry, Stanley and Betty Rosenweig, Alyce and Patrick Sheehan, Richard S. and Carol Ann Shifflett, Merritt Lawrence Silcox, William and Kathleen Torlucci, James E. Wolfe, and Robert and Joan Wright (“Plaintiffs”) sue the Defendants, Russell Whitney, Whitney Information Network, Inc., John Kane, Michael O. Kane, Kane Properties, Inc., Whitney Education Group, Inc.,

Wealth Intelligence Academy, Inc., Gulfstream Development Group, LLC, CCFL1234, LLC f/k/a Gulfstream Realty & Development, LLC, Gulfstream Investment Group, LLC, United Mortgage Corporation, Kevin Caraotta, Douglas Realty, Inc., Brian Haag, Kevin Haag, Douglas Haag, Paradise Title Services, Inc., Real Pro, LLC, David A. Wittig, Hot Appraisals, LLC, Ashley L. Seibert, The Construction Loan Company, Inc., Greenbriar Real Estate Holdings, Inc., National Credit Union Administration Board as liquidator of Huron River Area Credit Union, Webster Bank, NA, Norlarco Credit Union, First Community Bank of Southwest Florida and EMC Mortgage Corporation.

1. This is an action for damages exceeding \$15,000.00 in amount, exclusive of interest and costs.
2. This action involves title to real property located in the State of Florida.
3. The Plaintiff Glenn Acciard is an individual residing in the Commonwealth of Massachusetts.
4. The Plaintiff Howard Amberg is an individual residing in the State of Illinois.
5. The Plaintiffs Anne and John America are husband and wife and reside in the State of Missouri.
6. The Plaintiff William Bacigalupo is an individual residing in the Commonwealth of Massachusetts.
7. The Plaintiffs Jonathan and Cynille Bates are husband and wife and reside in the Commonwealth of Virginia.
8. The Plaintiff Peggy A. Bedwell is an individual residing in the State of Alabama.

9. The Plaintiff James M. Easterly is an individual residing in the State of Arizona.

10. The Plaintiff Irma Farmer is an individual residing in the State of Maryland.

11. The Plaintiffs Robert and Karen Forscutt are husband and wife and reside in the State of North Carolina.

12. The Plaintiffs Bruce and Mitzi Ghiloni are husband and wife and reside in residing in the State of Florida.

13. The Plaintiff Daniel A. Hershberger is an individual residing in the State of Ohio.

14. The Plaintiffs Noemi and George Hernandez are husband and wife and reside in the State of Indiana.

15. The Plaintiff Astor HoSang is an individual residing in the State of New Jersey.

16. The Plaintiffs Wayne I. Kacher, Sr. and Ruth Kacher are husband and wife and reside in the State of Maryland.

17. The Plaintiffs Kenneth and Catherine Kapp are husband and wife and reside in the State of Pennsylvania.

18. The Plaintiff Galen H. Neher is an individual residing in the State of Arizona.

19. The Plaintiff Debra G. Laubach is an individual residing in the State of Maryland.

20. The Plaintiff Frederick C. Laubach, Jr. is an individual residing in the State of Maryland.

21. The Plaintiffs Peter and Lynda Lewis are husband and wife and reside in the State of New York.

22. The Plaintiffs Donald L. and Lauren Lodarek are husband and wife and reside in the State of Wisconsin.

23. The Plaintiff Andrew Colin Long is an individual residing in the State of Maryland.

24. The Plaintiffs Donald and Nina H. Long are husband and wife and reside in the State of Maryland.

25. The Plaintiffs Richard and Tari Lee Marek are husband and wife and reside in the State of California.

26. The Plaintiffs Thomas and Deborah McCann are husband and wife and reside in the State of New Jersey.

27. The Plaintiff Eileen Messier is an individual residing in the State of Illinois.

28. The Plaintiffs Jeff and Elizabeth Montgomery are husband and wife and reside in the State of Minnesota.

29. The Plaintiffs Bradley R. and Kelly Quisenberry are husband and wife and reside in the State of Florida.

30. The Plaintiffs Curt R. and Jeannette Nord are husband and wife and reside in the State of Illinois.

31. The Plaintiffs Stanley and Betty Rosenzweig are husband and wife and reside in the State of Florida.

32. The Plaintiffs Alyce and Patrick Sheehan are husband and wife and reside in the State of Indiana.

33. The Plaintiffs Richard S. and Carol A. Shifflett are husband and wife and reside in the State of Maryland.

34. The Plaintiff Merritt Lawrence Silcox is an individual residing in the State of Pennsylvania.

35. The Plaintiffs William and Kathleen Torlucci are husband and wife and reside in the State of New Jersey.

36. The Plaintiff James E. Wolfe is an individual residing in the State of Alabama.

37. The Plaintiffs Robert and Joan Wright are husband and wife and reside in the State of Minnesota.

38. The Defendant Russell Whitney ("Whitney") is an individual residing in Lee County, Florida. Russell Whitney is or at all times material was the president and chairman of the board of Whitney Education Group, Inc. and the chairman of the board and chief executive officer of Whitney Information Network, Inc. Upon information and belief, Whitney is or at all times material was a 25% owner of Defendant Gulfstream Development Group, LLC. Whitney is the current president of Wealth Intelligence Academy, Inc.

39. The Defendant John Kane ("Kane") is the Chief Operating Officer of Whitney Education Group. Kane also does business as Kane Realty. Kane is the former president of Defendant Wealth Intelligence Academy.

40. The Defendant Michael O. Kane is an individual residing in Florida. Upon information and belief, Michael O. Kane is president, secretary and treasurer of Kane

Properties, Inc., which owns and does business in Florida as Gulfstream Development & Kane Realty. Upon information and belief, Michael O. Kane also holds a real estate sales associate license through Kane Properties, Inc.

41. Kane Properties, Inc. (“Kane Properties”) is a Florida corporation. Kane Properties owns and does business as Gulfstream Development & Kane Realty, a Florida fictitious name.

42. The Defendant Whitney Education Group, Inc. (“Whitney Education”) is a Florida corporation doing business in Lee County, Florida. Whitney Education conducts real estate seminars throughout the United States, including Florida, under the name “Millionaire University” (“MU”). Whitney Education is a wholly owned subsidiary of Whitney Information Network.

43. The Defendant Whitney Information Network, Inc. (“Whitney Information Network”) is a Colorado corporation doing business throughout the United States, including Florida. Whitney Information Network, together with Whitney Education, provides instructors, workshops, mentoring, and branded curricula at the MU real estate seminars that the Plaintiffs attended.

44. The Defendant Wealth Intelligence Academy, Inc. is a Florida corporation doing business in Florida. Wealth Intelligence Academy, Inc. together with Whitney Information Network and Whitney Education, provided instructors, workshops, seminars, materials, mentoring and branded curricula at the MU real estate seminars the Plaintiffs attended.

45. The Defendant Gulfstream Development Group, LLC (“Gulfstream”) is a Florida limited liability company doing business in Lee County, Florida. Its Managing Member is Brian Haag. Brian Haag is part of Russell Whitney’s real estate “Power Team.” Upon information and belief Whitney owns or at all times material did own 25% of Gulfstream.

46. The Defendant Gulfstream Realty & Development, LLC (“Gulfstream Realty”) is a Florida limited liability company doing business in Lee County, Florida. Gulfstream Realty changed its name to CCFL1234, LLC on December 28, 2006. Its managing member is Kevin Haag.

47. The Defendant Gulfstream Investment Group, LLC (“Gulfstream Investment”) is a Florida limited liability company doing business in Lee County, Florida. Its managing member is Kevin Haag.

48. The Defendant United Mortgage Corporation (“United Mortgage”) is a Florida corporation doing business in Lee County, Florida. At all material times United Mortgage acted as agent to obtain mortgages and loans for the Lenders, as hereinafter defined, and acted within the scope of its agency.

49. The Defendant Kevin Caraotta is the President of United Mortgage and a resident of the State of Florida. Under the direction and instruction of Kevin Caraotta, United Mortgage agents and employees drafted the residential loan applications for the MU Properties, including but not limited to, supplying the grossly fraudulent “Present Market Value” monetary figure for the Plaintiffs’ investment properties.

50. The Defendant Douglas Realty, Inc. (“Douglas Realty”) is a Florida corporation doing business in Florida. Its president is Kevin Haag and its vice president is Kevin’s brother, Douglas Haag. Both are directors of Douglas Realty. The Haags are part of Russell Whitney’s real estate “Power Team.”

51. The Defendant Kevin Haag is an individual residing in Lee County, Florida.

52. The Defendant Brian Haag is an individual residing in Lee County, Florida.

53. The Defendant Douglas Haag is an individual residing in Lee County, Florida.

54. The Defendant Paradise Title Services, Inc. (“Paradise”) is a Florida corporation doing business in Lee County, Florida.

55. The Defendant Real Pro, LLC (“Real Pro” or “Appraiser”) is a Florida limited liability corporation doing business in Florida. Upon information and belief, Real Pro generated the grossly fraudulent appraisal reports on the investment properties of the Plaintiffs.

56. The Defendant David A. Wittig (“Wittig” or “Appraiser”) is an individual residing in Florida. Wittig is an appraiser who grossly and intentionally inflated and misrepresented the values of the investment properties of the Plaintiffs at the direction of the MU Partners and other Defendants.

57. The Defendant Hot Appraisals, LLC (“Hot Appraisals” or “Appraiser”) is a Florida limited liability corporation doing business in Florida. Upon information and belief, Hot Appraisals generated the grossly fraudulent appraisal reports on the investment properties of the Plaintiffs.

58. The Defendant Ashley L. Seibert (“Seibert” or “Appraiser”) is an individual residing in Florida. Seibert is an appraiser who grossly and intentionally inflated and misrepresented the values of the investment properties of the Plaintiffs at the direction of the MU Partners and other Defendants.

59. The Defendants Whitney, Kane, Michael O. Kane, Kane Properties, Inc., Whitney Education, Whitney Information Network, Wealth Intelligence Academy, Inc., Gulfstream, Gulfstream Realty, Gulfstream Investment, United Mortgage, Douglas Realty, Paradise, Brian Haag, Kevin Haag, Douglas Haag, Kevin Caraotta, Wittig, Seibert, Real Pro, and Hot Appraisals (“the MU Partners”) are partners or joint venturers in an enterprise to sell, develop, finance, market and manage Florida real estate to and for Millionaire University students (the “MU Partnership” or “MU Enterprise”). Whitney, Whitney Education, Whitney Information Network, and the Wealth Intelligence Academy, Inc. acted as the marketing arm of the MU Partnership enticing prospective purchasers of property to their offices in Cape Coral, Florida and other seminar locations, where the MU Program, described below, was presented to the prospects by the MU Partners.

60. The Defendant The Construction Loan Company, Inc. (“CLC”) is a Michigan corporation doing business in Lee County, Florida. CLC provided construction loans to MU students pursuant to business arrangements created by United Mortgage on Huron and CLC’s behalf to facilitate the fraudulent transactions. Upon information and belief, CLC assigned each construction loan made by CLC to any of the Plaintiffs to Huron for a profit to CLC.

61. The Defendant Huron River Area Credit Union (“Huron” and “Lender”) was at all times material a state-chartered federally insured Michigan credit union conducting

business in the State of Florida. The National Credit Union Administration Board assumed control of Huron and has been substituted as a party. At all times material, CLC and United Mortgage acted as agents for Huron in obtaining construction loans and mortgages at exorbitant interest rates, costs, and terms on nearly all of the Plaintiffs' investment properties. CLC, Huron and United Mortgage, as well as the MU Partners, knew the appraisals upon which the construction loans were based, as well as the applications drafted by United Mortgage were fraudulent, grossly exaggerated, and violative of lending laws and regulations. The Plaintiffs were induced to finance with United Mortgage, CLC and Huron and were forced, in most cases, to become members or account holders of Huron.

62. The Defendant Greenbriar Real Estate Holdings, Inc. ("Greenbriar REH") is a Florida corporation doing business in Florida. Upon information and belief, Greenbriar REH is owned or controlled, directly or indirectly, by the MU Partnership and was formed in July 2005 for the purpose of acquiring properties in Florida for resale to MU students.

63. Hereinafter the MU Partners, CLC, Huron and Greenbriar REH are referred to as the "Defendants." At all relevant times, each of the Defendants acted as agent for each of the other Defendants so that each of the Defendants could obtain money from the MU students.

64. The Defendant Webster Bank NA ("Webster") is a foreign corporation doing business in Lee County, Florida. At all times material, United Mortgage acted as agent for Webster. Webster provided construction loan financing to Acciard pursuant to a note and mortgage, based upon the grossly inflated and fraudulent appraisals by Real Pro, Wittig, Hot Appraisals, or Seibert.

65. The Defendant Norlarco Credit Union (“Norlarco”) is or at all times material was a financial cooperative headquartered in the State of Colorado and conducting business in Florida. At all times material, United Mortgage acted as agent for Norlarco in obtaining construction loans and mortgages at exorbitant interest rates, costs, and terms for Plaintiffs America, Hershberger, Debra Laubach, Messier, Quisenberry and Rosenzweig. Norlarco and the MU Partners knew the appraisals upon which the construction loans and mortgages were based, as well as the application drafted by United Mortgage were fraudulent and grossly exaggerated and a violation of lending laws and regulations. The Plaintiffs were induced to finance with Norlarco were not members or account holders of Norlarco or were forced to become so. Upon information and belief, the National Credit Union Administration Board has assumed control of Norlarco.

66. The Defendant First Community Bank of Southwest Florida (“First Community”) is a Florida corporation doing business in Lee County, Florida. First Community provided construction loan financing to Curt R. and Jeanette Nord pursuant to a note and mortgage. At all times material, United Mortgage acted as First Community’s agent in obtaining construction loans and mortgages at exorbitant rates, expenses and terms for Plaintiffs Curt R. and Jeanette Nord, based upon appraisals and application values for the property that were grossly exaggerated and fraudulent. Despite knowing that the values were inflated, First Community financed the property to the detriment of the Nords.

67. Hereinafter First Community, Norlarco, Webster, CLC and Huron are referred to collectively as the “Lenders.”

68. The Defendant EMC Mortgage Corporation is a foreign corporation headquartered in the State of Texas and doing business in Florida. United Mortgage has assigned notes and mortgages made by the Plaintiffs to EMC for a profit. EMC has purchased notes and mortgages of America, Bacigalupo, Farmer, HoSang, Lamb, Debbie Laubach, Donald L. and Nina Long, Lodarek, Andrew Colin Long, Curt R. and Jeannette Nord, and Stanley and Betty Rosenzweig. EMC Mortgage is named as a Defendant partly because its rights may be affected by the relief requested in this action and because EMC took an assignment of the notes and mortgages subject to the defenses and claims of the Plaintiffs. Upon information and belief, EMC also took the assignment knowing, or it should have known that the values of the properties were grossly exaggerated in the fraudulent appraisals conducted by Real Pro, Wittig, Hot Appraisals, and/or Seibert and the loan applications drafted by United Mortgage.

THE FRAUDULENT SCHEME

69. The MU Partners participated in a scheme to defraud people of their money through the sale of real estate in Southwest Florida at inflated prices with excessive fees and commissions paid to the various defendants as part of the fraudulent transactions. The MU Partners entice people to invest in real estate through real estate educational courses in which the Defendants intentionally build a relationship of trust with the “students” to whom they then pitch their real estate investment “opportunities.” The real estate courses, which generally cost in excess of \$10,000.00, facilitate the MU Partners’ fraud by attracting people from throughout the United States who are highly motivated to invest in real estate, lack experience and know-how in real estate investment and have sufficient funds and financial

credit to invest in real estate. During the MU Partners' real estate courses, the students, who are the targets of the fraud, are "taught" how to identify good real estate investments and then are presented with the MU Partners' investment "opportunity," which the MU Partners' representative's/instructors and agents represent matches what the MU students were taught they should buy. Some of the instructors and mentors who teach and guide the students are employed by or have an ownership interest in the MU Partners' corporations who participate in the selling and financing of the investment.

70. Pursuant to the scheme to defraud, the Defendants Whitney Education, Whitney Information Network, Wealth Intelligence Academy, Inc. and Russ Whitney advertise the educational courses using infomercials, broadcast on television stations throughout the United States, promoting the sale of real estate investment courses called "Millionaire University." During the infomercial Whitney tells how he made millions in real estate and uses testimonials from others who explain how they made money in real estate using information learned from attending Millionaire University. The infomercial then typically gives information about how the viewer can attend a free one day seminar offered in that television viewing area to learn how to make money in real estate.

71. During the one day seminar Whitney Education, Whitney Information Network, and the Wealth Intelligence Academy, Inc. provide some instruction regarding real estate investing. Whitney Education manipulates the teacher/student relationship to build a relationship of trust with the seminar attendees. The instructors tell their students that the real estate instruction given during the one day seminar only scratches the surface of the subject and that to succeed in real estate investment the student should increase their credit

card limits according to a provided script and then purchase and enroll in other expensive real estate courses offered by Whitney Education and Whitney Information Network. This includes an “advanced” real estate course offered in the viewer’s home state that can cost as much as \$1,500. They also try to sell additional advanced real estate courses offered in various cities throughout the United States. Each “advanced” course is typically three days and can cost over \$10,000.00 without advance purchase discounts.

72. Whitney Education, Whitney Information Network, and the Wealth Intelligence Academy, Inc. also inform students that a prerequisite to attending all other advanced courses is attendance at the Intensified Real Estate Training Course offered in the offices of Whitney Education in Cape Coral, Florida, or other locations also known as “Millionaire University.” During this three-day “intensified” course, the “students” are “taught” about real estate investing from so-called real estate “millionaire” experts, who cultivate and establish a relationship of trust with the students. The MU Partners’ goal is to convince the MU students that Whitney Education, Whitney Information Network, the Wealth Intelligence Academy, Inc. and the representatives of the Defendants who speak to the students who attend Millionaire University (“MU”) are real estate millionaire experts upon whom the students should place their trust and reliance in making real estate investment decisions.

73. At MU, the MU Partners’ representatives teach the MU students that to succeed in real estate they must have a “Power Team,” consisting of a lender, real estate broker, contractor, title company, property manager and perhaps other real estate professionals, depending upon the nature of the real estate investment. At MU, students are

introduced to representatives of Gulfstream (contractor), United Mortgage (lender), Douglas Realty (real estate broker and property manager), and Paradise (title company) who “teach” them about their areas of expertise in the real estate business.

74. Near the end of the three day course the MU students are typically taken on a bus tour through Cape Coral and shown potential real estate investments by MU instructors employed by one or more of the MU Partners and acting on behalf of each of the MU Partners. The trip usually begins with a viewing of distressed homes in low income areas that might be purchased as a “fixer-upper.” After seeing small homes in disrepair in poorer neighborhoods, the MU students are then typically taken to a middle income, well-maintained neighborhood and shown a newly constructed, model home built by Gulfstream. The contrast makes the Gulfstream home appear to be a very attractive investment. Alternatively, the newly constructed, model home built by Gulfstream is shown photographically to the students who attend MU in locations other than Cape Coral.

75. Representatives of the MU Partners, such as Brad Williams and Kevin Haag, tell the MU students that “Russ” and the MU Partners have set up a “turnkey” investment program exclusively for the MU students which is so lucrative that it will pay back every dollar spent by the student for the intensified real estate training at MU and give them capital to jumpstart their real estate investing careers. They describe this “exclusive” turnkey investment as one or more Gulfstream homes similar to the one shown on the tour, which will be built on “prime” and “premium” lots selected by Douglas Realty in comparable neighborhoods. They represent to the MU students that this investment opportunity meets all of the conditions for making money in real estate with little risk and that the MU Partners are

making this exclusive investment opportunity available only for a limited time, so that they need to invest quickly in order to reserve a spot in the investment program. This exclusive investment program, (the “MU-Program”), includes a home built by Gulfstream, financed by or through United Mortgage, on a “prime” and “premium” lot expertly located by Douglas Realty, titled through the expertise of Paradise Title, sold at a price represented to be \$50,000 to \$70,000 below the “current appraised value” of the property and managed and marketed through the expert property management and real estate brokering services of Douglas Realty. MU students are asked to rely upon the expertise of MU, its faculty and partners, to (a) select a “prime” lot in a neighborhood comparable to the one in which the Gulfstream model was shown, (b) select and obtain the best, most appropriate financing, (c) build a well constructed home that meets the specifications furnished by the MU Partners to the MU students, and (d) market the property for sale and/or rent by Gulfstream Realty at or above the appraised values represented to the MU students. The MU Partners also represent that they will not overbuild MU Program homes in a neighborhood so that MU students who purchase the turnkey properties will not have to compete with other MU students to resell their investment property.

76. The MU Partners pressure the MU students to make a quick decision to invest, representing that there are only a limited number of spots in the investment program available. They also pressure the MU students to decide quickly by offering discounts to the students if they make an immediate commitment to purchase. To participate in the MU Program, the MU students are required to put very little of their own money down initially, which meets one of the criteria for a prudent real estate investment as instructed in the MU

real estate course. Pursuant to the MU Program, the cost of the lot and the construction is financed through a one year construction loan with one of the Lenders, which is then refinanced after construction is completed through permanent financing available through United Mortgage, and ultimately assigned to Defendant EMC. All of the construction loan financing and nearly all of the permanent financing is selected and obtained by the MU Partners for the MU students. In many cases representatives of the MU Partners represent that Gulfstream pays a substantial portion of the interest on the construction loan. They further represent to the MU students that while the construction is proceeding, Douglas Realty and Gulfstream Realty will use its expertise and “excellent” reputation in the Southwest Florida real estate market to sell the home at a substantial profit before the MU student is required to obtain permanent financing to pay off the construction loan. To further induce the MU student to invest, the MU Partners further represent that, in the event the MU student chooses to hold the property, Gulfstream Realty will lease and manage the MU Property at lease rates that will pay for all but \$500 per month of the monthly payments for mortgage, taxes and insurance. The MU Partners further represent to the MU students that the MU Partners will not over-build these homes in an area, thereby avoiding competition among MU students with each other to resell their homes. The students are further counseled by their MU instructors and mentors, who work for and on behalf of the MU Partners, that since they are purchasing these homes at a price so far below their “current appraised value,” they should buy at least two of them if they can qualify for the financing.

77. Upon a MU student’s commitment to purchase one or more MU Program homes, the MU Partners send a package of documents to the student to sign in blank,

including contracts to buy a lot, to pay Gulfstream to build the home, and to hire Douglas Realty and/or Gulfstream Realty as the exclusive realtor and property manager for the property. The MU Partners instruct the students to immediately return the documents signed in blank to them. The MU Partners later fill in the contract to buy the lot with a legal description, street address, price, directions for the payment of commissions to various MU Partners, and an obligation to purchase without any condition for financing. Likewise, the construction contract with Gulfstream is later filled out by the MU Partners with the lot address and legal description, a construction price and an obligation to pay for the construction without any contingency for financing. The MU Partners also direct the MU students to sign a mortgage brokerage contract with United Mortgage, which contains the fraudulent appraisal price for the property to be financed. After the student has signed documents purporting to create an obligation to buy a lot and pay to build the investment home, United Mortgage, acting for itself and as agent for the Lenders, selects and arranges financing with one or more of the Lenders through which the MU student will typically purchase the lot from one of the Defendants, and construct the investment home. United Mortgage represents to the MU students that this is the best financing available for persons like the MU students with credit ratings in the 700's. United Mortgage then provides the MU students with loan documents, prepared by United Mortgage, which contain a fraudulent appraisal price for the home with the lot. The MU Partners set the appraisal price by first determining how much money the Defendants would make through the sale of the lot, the construction of the house and the financing of the purchase, including excessive fees. This calculation in turn determines the amount of the note and mortgage for the one year

construction loan, which represented the purchase price charged to the MU student. After the MU Partners know that amount, they then arrange for an appraisal by Real Pro, Wittig, Hot Appraisals, and/or Seibert which would set the value of the property high enough so that the construction loan amount would be 80% of the appraised value. The MU Partners' fraudulent appraisal value is important to the fraudulent scheme because it facilitates the transaction: the financing by the Defendant Lenders who knowingly utilize the fraudulent appraisal in providing the construction financing, the payment for the overpriced lot, the excessive price for the construction of the home and the excessive fees and charges paid upon closing to the Defendants.

78. United Mortgage and CLC then directed the MU students financing with United Mortgage, CLC, and Huron to sign construction loan documents, prepared, selected or approved by United Mortgage, CLC, and Huron which represented that the home under construction would be the borrowers' "primary" residence, even though United Mortgage, CLC, and Huron knew that the home was being built for investment purposes. When United Mortgage and CLC were questioned about this, they told MU students to disregard the primary residence language and that the lender had taken care of that issue for them. United Mortgage later also provided some MU students with permanent financing documentation which required them to represent that the home was their "second home," even though United Mortgage knew that the property was investment property. Upon information and belief, United Mortgage, CLC and Huron documented the financing this way to obtain a lower rate of interest, which reduced the interest payments made by Gulfstream and helped to insure that the students would qualify for the loans, and to ultimately lead purchasers of the

mortgages and notes to believe that these were not investment properties and therefore were less risky, enabling United Mortgage, CLC, and Huron to sell the mortgages and realize their profits on the transactions.

79. The Plaintiffs are former MU students targeted by the Defendants and to whom the Defendants' representatives made the above described representations. The Plaintiffs enrolled in and attended the above described real estate courses, participated in the MU Program and trusted their instructors and the MU Partners to act in their best interests throughout each phase of the MU Program, including the selection of the lot and financing, the setting of the purchase price and the construction, marketing and management of the investment property. The Plaintiffs invested their money in the "MU-Program," buying one or more properties from and through the Defendants with financing provided by or through the Defendants. The Defendants' representatives selected the lots and the financing for each of the Plaintiffs. The lots and homes purchased by the Plaintiffs through the MU Program are referred to as the "MU Properties." A list of the street addresses and legal descriptions of the MU Properties is attached as Exhibit A to this Amended Complaint.

80. As described more fully below, the "current appraised value" of the properties was grossly and fraudulently overstated by the MU Partners when they induced the Plaintiffs to invest in the MU Program and the Lenders who provided financing for the MU Properties. Furthermore, the Defendants did not have "prime" or "premium" lots available and did not obtain "prime" or "premium" lots for construction of these homes. Instead, the MU Partners purchased undesirable lots, in remote locations, with poor roads and without curbs, sidewalks or street lighting, in some high crime, highly vandalized areas, with only well water and

septic tanks available, and then marked up the lot prices thousands to tens of thousands of dollars and resold them to the MU students/Plaintiffs for an undisclosed profit. Moreover, the MU Program homes were over built, so that in some instances, a single street block contains five or more of the same model home, all of which were built and listed for sale at or about the same time. The Defendants also did not limit participation the MU Program to only MU students, creating even more competition for purchasers of the investment homes. The result of such overbuilding is a glut of MU homes on the market, in undesirable locations, offered at prices for as much as \$100,000 over their true current appraised values. These MU homes cannot be sold, except at a crippling loss to their owners, and cannot be rented for a reasonable rental amount.

81. The financing selected for the Plaintiffs by United Mortgage and the other Defendants is based upon inflated, fraudulent appraisal values of the MU Properties by Real Pro, Wittig, Hot Appraisals, and/or Seibert. Each of the Lenders knowingly accepted and utilized the fraudulent appraisal values and reports in extending financing for the construction or permanent financing of the properties and thereby violated internal, industry and federal rules, regulations and mandatory guidelines. The rate of interest charged on the construction loans is excessive in light of the Plaintiffs' high credit scores and the points paid by the Plaintiffs to discount the loan rates. The closing costs on the construction loan are far in excess of closing costs typically charged for loans such as those arranged for the Plaintiffs to purchase the MU Properties. The splitting of the construction financing to one lender and the permanent financing to another lender without locking in financing for both the

construction and permanent at the commencement of the construction is contrary to industry customs and standards.

82. The MU Partners, CLC and Huron have coerced or have attempted to coerce the Plaintiffs to close on permanent financing, falsely representing to the Plaintiffs that the MU Properties have a current appraised value in excess of the construction loan amounts. Appraised values determined by independent appraisers acting either for potential third party lenders or the MU Students/Plaintiffs are substantially below the appraised values represented by the Defendants and below the construction loan amounts, so that the MU Properties cannot sufficiently collateralize refinancing to pay off the construction loans.

83. The Plaintiffs have retained the undersigned counsel and agreed to pay them a reasonable fee for their services.

84. All conditions precedent to this action have been waived, performed or have occurred.

COUNT I
BREACH OF FIDUCIARY DUTY
MU PARTNERS

85. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, above.

86. At all material times the MU Partners owed a fiduciary duty to the Plaintiffs, to act in their best interests.

87. United Mortgage acted as a mortgage broker in the transactions with the Plaintiffs and arranged all of the financing for the purchase of the MU Properties.

88. Douglas Realty acted as real estate broker on behalf of the Plaintiffs in connection with the selection and purchase of lots for building MU Program homes and with Gulfstream Realty, for the marketing and management of MU Properties.

89. Paradise acted as the title company on behalf of the Plaintiffs in connection with the closings of the MU Properties.

90. The Appraisers acted as appraisers and established the “Current Appraised Value” figure which the MU Partners presented to the MU Students to induce the investment.

91. The MU Partners breached their fiduciary duty by:

- a. misrepresenting the appraised value of the MU Properties;
- b. misrepresenting the rental rates of the MU Properties;
- c. selecting undesirable lots and typically purchasing them directly or through a holding company or other entity and reselling them to the Plaintiffs at an overvalued price for a substantial profit to the MU Partners and Defendants Greenbriar or Gulfstream Investments;
- d. selecting lots for the Plaintiffs that were not in neighborhoods comparable to the sample neighborhood shown to the Plaintiffs during the real estate tour as part of the third day of teaching in the MU course;
- e. overbuilding the MU Properties to reduce the cost to the MU Partners, Gulfstream Investments, and Greenbriar REH of purchasing the lots and building the houses, without passing any of the cost savings on to the Plaintiffs, and then glutting the market with the same or similar floor plan homes;

- f. charging excessive real estate commissions, which were passed on to the Plaintiffs;
- g. fraudulently creating false loan documents which misstated the purpose for which the homes were being constructed;
- h. misrepresenting the meaning of the loan documents to the Plaintiffs;
- i. fraudulently creating false loan documents to finance the purchase of the MU Properties, which were based upon fraudulent and inflated appraisals of the Appraisers obtained by and for the Lenders;
- j. charging excessive closing costs to the Plaintiffs;
- k. failing to obtain the best available financing at competitive loan rates available on the market to borrowers who, like the Plaintiffs, have high credit scores and instead funneling the Plaintiffs to the Lenders and with onerous terms of financing;
- l. charging loan discount fees to the Plaintiffs for a discount on the loan interest rate and then failing to discount the interest rate; and
- m. other self serving acts and omissions to promote and protect the interests of the MU Partners at the expense of the Plaintiffs, which Plaintiffs expect to learn through discovery.

92. As a direct and proximate result of the MU Partners breach of fiduciary duty the Plaintiffs have been damaged.

WHEREFORE, the Plaintiffs demand judgment in their favor and against the MU Partners for damages, interest, punitive damages, costs and all other and further relief which this court deems just.

COUNT II
BREACH OF FIDUCIARY DUTY
CLC AND HURON

93. The Plaintiffs, Howard Amberg, William Bacigulupo, Jonathan and Cynille Bates, Peggy A. Bedwell, Irma Farmer, Robert and Karen Forscutt, Bruce and Mitzi Ghiloni, Noemi and George Hernandez, Astor HoSang, Wayne I. and Ruth Kacher, Kenneth and Catherine Kapp, Frederick Laubach, Peter and Lynda Lewis, Donald and Lauren Lodarek, Andrew Colin Long, Donald and Nina H. Long, Debra and Thomas McCann, Richard and Tari Lee Marek, Jeff and Elizabeth Montgomery, Alyce and Patrick Sheehan, Richard S. and Carol A. Shifflett, Merritt Lawrence Silcox, William and Kathleen Torlucci, James E. Wolfe, Robert and Joan Wright, Galen H. Neher, and James M. Easterly (the “CLC Plaintiffs”), reallege the allegations of paragraphs 1-84 and 87-91 above as if they were fully set forth herein.

94. CLC and Huron acted as mortgage lender on MU Properties for the CLC Plaintiffs.

95. CLC and Huron were at all material times aware of and a participant in the MU Program and allowed United Mortgage and the MU Partners to act on behalf of CLC and Huron to induce prospective real estate investors to obtain mortgage lending from CLC for construction loans so that CLC could make a profit on each such construction loan and immediately assign the loans to Huron. Huron would then profit on said construction loan.

Consequently, CLC and Huron owed a fiduciary duty to the CLC Plaintiffs to act in their best interests.

96. CLC and Huron breached their fiduciary duties to the CLC Plaintiffs by:
- a. making a construction loan to the CLC Plaintiffs and purporting to obligate them to repay that loan, when CLC and Huron knew the loan was based upon a grossly inflated and fraudulent appraised value of the property by the Appraisers in violation of lending rules, regulations, and guidelines applicable to CLC and Huron, and otherwise intentionally failing to verify the true appraised value of such property;
 - b. directing the CLC Plaintiffs to sign loan documents which represented that the MU Property which they were purchasing and constructing was their “primary” residence when CLC and Huron knew it was investment property;
 - c. charging the CLC Plaintiffs a rate of interest on their construction loans that far exceeded the market rate for borrowers with credit scores as high as those of the CLC Plaintiffs;
 - d. actively participating in the fraudulent scheme of the MU Partners as described above;
 - e. intentionally establishing CLC as the initial lender although forcing the CLC Plaintiffs to become members of Huron at the closing of the construction loan in order to attempt to avoid compliance with the rules, regulations, guidelines and mandates imposed and applicable to Huron;

- f. immediately, typically on the same day as the closing, assigning the construction loan from CLC to Huron in a clear, obvious, and intentional attempt to avoid the rules, regulations, mandates and guidelines applicable to CLC and Huron; and
- g. failing to disclose to the CLC Plaintiffs the facts known and documented in CLC and Huron's files that United Mortgage, CLC and Huron were part of the fraudulent scheme and that the appraisal reports and aspects of the loan applications were fraudulent.

97. As a direct and proximate result of CLC and Huron's breach of fiduciary duty the CLC Plaintiffs have been damaged.

WHEREFORE, the CLC Plaintiffs demand judgment in their favor and against CLC and Huron for damages, punitive damages, interest, costs and all other and further relief which this court deems just.

COUNT III
CONSTRUCTIVE FRAUD
MU PARTNERS, LENDERS, AND EMC

98. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-97 above.

99. The MU Partners abused their fiduciary relationship with the Plaintiffs through their acts as described above. The MU Partners committed a constructive fraud against the Plaintiffs by abusing their fiduciary relationship with the Plaintiffs at the expense of the Plaintiffs, as more fully described above.

100. As a direct and proximate result of the constructive fraud of the MU Partners, the Plaintiffs have been damaged.

WHEREFORE, the Plaintiffs demand judgment against the MU Partners, the Lenders, Huron and EMC for rescission of the contracts to purchase the MU Properties and the promissory notes and mortgages secured by the MU Properties and imposition of a constructive trust for the benefit of the Plaintiffs upon any money paid to the MU Partners, the Lenders or EMC pursuant to the contracts to purchase, notes or mortgage transactions and any proceeds or profits obtained from the use, lease, sale or any other beneficial use of the MU Properties by the MU Partners, the Lenders or their assigns, plus rescissionary damages, punitive damages, interest, costs and any other relief this Court deems to be just and equitable.

COUNT IV
CONSTRUCTIVE FRAUD
CLC AND HURON

101. The CLC Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 86-92, and 93-97 above.

102. CLC and Huron abused its fiduciary relationship with the CLC Plaintiffs through its acts as described above. CLC and Huron committed a constructive fraud against the CLC Plaintiffs by abusing their fiduciary relationship with the CLC Plaintiffs at the expense of the CLC Plaintiffs, as more fully described above.

103. As a direct and proximate result of the constructive fraud of CLC and Huron, the CLC Plaintiffs have been damaged.

104. As a result of the constructive fraud of CLC, Huron and the MU Partners acting on behalf of CLC and Huron, CLC and Huron obtained mortgages and promissory notes secured by the MU Properties.

105. It would be unjust and against equity to allow CLC and Huron to enforce the mortgages and promissory notes against the CLC Plaintiffs and to obtain ownership of the real property securing those mortgages.

WHEREFORE, the CLC Plaintiffs demand judgment against CLC and Huron for rescission of the promissory notes and mortgages secured by the MU Properties and imposition of a constructive trust for the benefit of the CLC Plaintiffs upon any money paid to CLC and Huron by the CLC Plaintiffs pursuant to the note or mortgage transactions and any proceeds or profits obtained from the use, lease, sale or any other beneficial use of the MU Properties by CLC or its assigns, plus rescissionary damages, punitive damages, interest, costs and any other relief this Court deems to be just and equitable.

COUNT V
VIOLATION OF MORTGAGE BROKERAGE AND LENDING LAWS
UNITED MORTGAGE, KEVIN CARAOTTA, WEBSTER, FIRST COMMUNITY,
NORLARCO AND EMC

106. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 87, 91a., g., h., i., j., l., and m. above.

107. United Mortgage is a mortgage broker within the meaning of Chapter 494 Florida Statutes.

108. Kevin Caraotta, as the president of United Mortgage, is liable with United Mortgage for its participation in the fraudulent scheme described above.

109. Kevin Caraotta completed the loan applications, oversaw the completion of the loan applications, and supervised and approved the preparation of the loan documents which contained the fraudulent appraisals and misrepresentations as to the present market value of the involved property referred to above.

110. United Mortgage, Webster, First Community, Norlarco and EMC are mortgage lenders within the meaning of Chapter 494 Florida Statutes.

111. United Mortgage, Kevin Caraotta, Webster, First Community, Norlarco and EMC, by their participation in the fraudulent scheme described above, have violated §494.0025(4) Florida Statutes.

112. The mortgage transactions described above secured by the MU Properties were made in violation of §494.0025(4) Florida Statutes.

113. United Mortgage and Kevin Caraotta are jointly and severally liable to the Plaintiffs and Webster, First Community, Norlarco, and EMC are jointly and severally liable with United Mortgage and Kevin Caraotta on the mortgage transactions conducted with those Plaintiffs to whom each entity provided financing, pursuant to §494.0019(1) Florida Statutes for the damages incurred by the Plaintiffs.

WHEREFORE, the Plaintiffs demand judgment against United Mortgage, Kevin Caraotta, Webster, First Community, Norlarco and EMC for damages, interest, costs and all other and further relief which this court deems just.

COUNT VI
VIOLATION OF MORTGAGE BROKERAGE AND LENDING LAWS
CLC AND HURON

114. The CLC Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 93, 94, 96, and 102-105 above.

115. CLC and Huron are mortgage lenders within the meaning of Chapter 494 Florida Statutes.

116. CLC and Huron, by their participation in the fraudulent scheme described above, has violated §494.0025(4) Florida Statutes.

117. The mortgage transactions described above secured by the MU Properties were made in violation of §494.0025(4) Florida Statutes.

118. CLC, Huron, United Mortgage and Kevin Caraotta are jointly and severally liable to the Plaintiffs pursuant to §494.0019(1) Florida Statutes for the damages incurred by the CLC Plaintiffs.

WHEREFORE, the CLC Plaintiffs demand judgment against CLC and Huron for damages, interest, costs and all other and further relief which this court deems just.

COUNT VII
VIOLATION OF FLORIDA LAND SALES PRACTICES ACT
MU PARTNERS

119. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, above.

120. The MU Partners and Greenbriar REH are “subdividers” within the meaning of §498.005(20) Florida Statutes in that they are engaged in the disposition of subdivided

lands through the MU Program either directly, indirectly, or through the services of an employee, agent, or independent contractor.

121. The MU Properties are subdivided lands within the meaning of §498.005(21) Florida Statutes.

122. The MU Partners sold the MU Properties to the Plaintiffs through the MU Program which is a common promotional plan as defined in §498.005(22) Florida Statutes. The MU Partners sold or offered to sell more than 50 properties in Florida as part of the MU Program.

123. The MU Partners violated §498.023 by selling, or participating in the sale of, the MU Properties to the Plaintiffs:

- a. without a valid order of registration for the MU Properties;
- b. without delivering a public offering statement to the Plaintiffs prior to their purchase of the MU Properties;
- c. without affording the Plaintiffs a reasonable opportunity to examine the public offering statement prior to the disposition; and
- d. without a contract and public offering statement authorizing the Plaintiffs to cancel the agreement without cause until midnight of the seventh business day after he or she executes the contract.

124. The MU Partners falsified material facts in disposing of the MU Properties as described above.

125. The MU Partners violated §498.022(1) Florida Statutes by their conduct as described above.

126. Pursuant to §498.061 Florida Statutes, the MU Partners are liable to the Plaintiffs for damages, including a refund of the purchase price of the lots sold to the Plaintiffs through the MU Program, interest at the rate of 9 percent per annum from the date of purchase, taxes paid on the lots, court costs and attorneys fees.

127. Russ Whitney materially participated in the disposition of the MU Properties by actively promoting the MU Program to the MU students, authorizing the MU Partners to use his name as an endorser of the MU Program, writing letters to MU students and encouraging their continuing involvement in the MU Program. Whitney partnered with the MU Partners to sell land in Florida to MU students, including the Plaintiffs. Whitney also controls, directly or indirectly, one or more of the MU Partners and Greenbriar, REH.

128. John Kane, Michael O. Kane and Kane Properties materially participated in the disposition of the MU Properties by actively promoting the sale of the lots through the MU Program and acting as a realtor in the transactions to purchase the lots on behalf of the MU students and receiving money from the sale of lots to the MU students as a real estate commission. Kane, Michael O. Kane and Kane Properties partnered with the MU Partners to sell land in Florida to MU students, including the Plaintiffs.

129. Kevin Caraotta materially participated in the disposition of the MU Properties by arranging the financing for the purchase of the lots and including the fraudulent, inflated appraisal values in the loan documentation.

130. Whitney, Kane, Michael O. Kane, Kane Properties, and Caraotta are jointly and severally liable to the Plaintiffs with the other MU Partners pursuant to §498.061(3) Florida Statutes.

WHEREFORE, the Plaintiffs demand judgment against the MU Partners for damages, including a refund of the purchase price of the lots sold to the Plaintiffs through the MU Program, interest at the rate of 9 percent per annum from the dates of purchase, taxes paid on the lots, court costs, attorneys fees and all other and further relief which this court deems just.

COUNT VIII
VIOLATION OF FLORIDA LAND SALES PRACTICES ACT
GREENBRIAR REH

131. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84 and 120-126 above.

132. Greenbriar REH is a “subdivider” within the meaning of §498.005(20) Florida Statutes in it is engaged in the disposition of subdivided lands through the MU Program either directly, indirectly, or through the services of an employee, agent, or independent contractor.

133. The MU Properties are subdivided lands within the meaning of §498.005(21) Florida Statutes.

134. Greenbriar REH sold the MU Properties to the following Plaintiffs through the MU Program which is a common promotional plan as defined in §498.005(22) Florida Statutes: Glenn Acciard, Howard Amberg, William Bacigalupo, Jonathan and Cynille Bates, Irma Farmer, Robert and Karen Forscutt, Bruce and Mitzi Ghiloni, Noemi and George Hernandez, Astor HoSang, Wayne I. and Ruth Kacher, Kenneth and Catherine Kapp, Peter and Lynda Lewis, Donald and Lauren Lodarek, Donald and Nina H. Long, Richard and Tari Lee Market, Debra and Thomas McCann, Jeff and Elizabeth Montgomery, Alyce and Patrick

Sheehan, Richard S. and Carol A. Shifflett, William and Kathleen Torlucci, Robert and Joan Wright, Quisenberry, Easterly and Neher (hereinafter, the “Greenbriar REH Plaintiffs”). The MU Partners and Greenbriar REH sold or offered to sell more than 50 properties in Florida as part of the MU Program.

135. Greenbriar REH violated §498.023 by selling, or participating in the sale of, the MU Properties to the Greenbriar REH Plaintiffs:

- a. without a valid order of registration for the MU Properties;
- b. without delivering a public offering statement to the Plaintiffs prior to their purchase of the MU Properties;
- c. without affording the Plaintiffs a reasonable opportunity to examine the public offering statement prior to the disposition; and
- d. without a contract and public offering statement authorizing the Plaintiffs to cancel the agreement without cause until midnight of the seventh business day after he or she executes the contract.

136. Greenbriar REH, through the MU Partners, falsified material facts in disposing of the MU Properties as described above.

137. Pursuant to §498.061 Florida Statutes, Greenbriar REH is liable to the Greenbriar REH Plaintiffs for damages, including a refund of the purchase price of the lots sold to the Greenbriar REH Plaintiffs through the MU Program, interest at the rate of 9 percent per annum from the date of purchase, taxes paid on the lots, court costs, attorneys fees and all other and further relief which this court deems just.

138. Greenbriar REH materially participated in the disposition of the MU Properties by purchasing 150 lots in Lehigh Acres for resale to the MU students at a substantially marked up price and then reselling those lots to the Greenbriar REH Plaintiffs and other MU students at a substantial profit per lot. In many cases Greenbriar REH had contracts to sell the lots which had been executed by the MU student purchaser pursuant to the instruction of the MU Partners before Greenbriar REH owned the lot. After acquiring such contracts to purchase, Greenbriar REH then purchased the lots in bulk and resold them to the MU students with whom it had contracts for a substantial profit. In doing so, Greenbriar acted both for itself and as an agent or partner of the MU Partners. Greenbriar REH is jointly and severally liable with the MU Partners for the disposition of lots to the Greenbriar REH Plaintiffs.

139. Greenbriar REH violated §498.022(1) Florida Statutes by its conduct as described above.

WHEREFORE, the Greenbriar REH Plaintiffs demand judgment against Greenbriar REH for damages, including a refund of the purchase price of the lots sold to the Greenbriar REH Plaintiffs through the MU Program, interest at the rate of 9 percent per annum from the dates of purchase, taxes paid on the lots, court costs, attorneys fees and all other and further relief which this court deems just.

COUNT IX
VIOLATION OF FLORIDA UNFAIR AND DECEPTIVE TRADE PRACTICES ACT
MU PARTNERS, WEBSTER, FIRST COMMUNITY, NORLARCO, AND EMC

140. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 86-91, and 107-112 above.

141. The MU Partners have violated the Florida Unfair and Deceptive Trade Practices Act, § 501.201 et seq. Florida Statutes (“FDUPTA”) by using deceptive practices to sell and finance the MU Properties as set forth more fully above.

WHEREFORE, Plaintiffs demand judgment in their favor and against the MU Partners, First Community, Norlarco, Webster, and EMC for (1) damages, attorney fees and costs as provided by § 501.2105 Florida Statutes; (2) temporary and permanent injunctive relief pursuant to § 501.211 Florida Statutes enjoining the MU Partners, First Community, Norlarco, Webster and EMC from enforcing or foreclosing upon any contracts, notes or mortgages between them and the Plaintiffs pertaining to the MU Properties and rescinding all such contracts, notes and mortgages; (3) a declaratory judgment declaring that the acts of the MU Partners and Defendants as set forth above violate FDUPTA; and (4) such other and further relief as the court deems proper.

COUNT X
VIOLATION OF FLORIDA UNFAIR AND DECEPTIVE
TRADE PRACTICES ACT
UNITED MORTGAGE, CLC AND HURON

142. The CLC Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 87, 91, 93-96, 102-105, 107, 110-112, 115-117 and 120-125 above.

143. CLC, United Mortgage, and Huron have violated the Florida Unfair and Deceptive Trade Practices Act, § 501.201 et seq. Florida Statutes (“FDUPTA”) by using deceptive practices to finance the purchase of the MU Properties as set forth more fully above.

WHEREFORE, the CLC Plaintiffs demand judgment in their favor and against United Mortgage, CLC and Huron for (1) damages, attorney fees and costs as provided by §

501.2105 Florida Statutes; (2) temporary and permanent injunctive relief pursuant to § 501.211 Florida Statutes enjoining United Mortgage, CLC and Huron from enforcing or foreclosing upon any contracts, notes or mortgages between them and the Plaintiffs pertaining to the MU Properties and rescinding all such contracts, notes and mortgages; (3) a declaratory judgment declaring that the acts of United Mortgage, CLC and Huron as set forth above violate FDUPTA; and (4) such other and further relief as the court deems proper.

COUNT XI
VIOLATION OF FLORIDA UNFAIR
AND DECEPTIVE TRADE PRACTICES ACT
GREENBRIAR REH

144. The Greenbriar REH Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 91e., i. and m., 120-125 and 131-138 above.

145. Greenbriar REH has violated the Florida Unfair and Deceptive Trade Practices Act, § 501.201 et seq. Florida Statutes (“FDUPTA”) by using deceptive practices to sell the MU Properties as set forth more fully above.

WHEREFORE, the Greenbriar REH Plaintiffs demand judgment in their favor and against Greenbriar REH for (1) damages, attorney fees and costs as provided by § 501.2105 Florida Statutes; (2) temporary and permanent injunctive relief pursuant to § 501.211 Florida Statutes enjoining Greenbriar REH from enforcing any contracts between them and the Plaintiffs pertaining to the MU Properties and rescinding all such contracts; (3) a declaratory judgment declaring that the acts of Greenbriar REH as set forth above violate FDUPTA; and (4) such other and further relief as the court deems proper.

COUNT XII
FRAUD IN THE INDUCEMENT
MU PARTNERS, FIRST COMMUNITY, NORLARCO, WEBSTER AND EMC

146. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 87-91, 107-112, 124, 127, 128, and 129 above.

147. The MU Partners made representations of material fact to the Plaintiffs concerning the MU Program and MU Properties, including:

- a. that the MU Properties had the appraised values that the MU Partners were representing to the Plaintiffs;
- b. that the Plaintiffs could reasonably expect the MU Properties to rent at the rates that the MU Partners were representing to the Plaintiffs upon completion of construction of the homes;
- c. that the MU Partners intended to purchase choice, prime and premium lots for the Plaintiffs in a comparable neighborhood to the neighborhood shown to the Plaintiffs during the MU bus tour;
- d. that the MU Partners would not saturate the market and overbuild in neighborhoods thereby forcing MU students to compete with other MU students to resell their investment homes;
- e. that the MU Partners intended to obtain suitable financing at the best market rates available to finance the purchase of the MU Properties;
- f. that investment in the MU Program was exclusive and limited only to MU students; and

g. that the MU Partners intended to look out for the best interests of the Plaintiffs.

148. The representations of the MU Partners were false when they were made.

149. The MU Partners made these representations to the Plaintiffs during the three day real estate course that the Plaintiffs attended in Cape Coral, Florida at the offices of Whitney Educational or otherwise before the Plaintiffs invested in the fraudulent MU Program. The MU Partners have the dates when the Plaintiffs attended this course in their records. The MU Partners also included the false representations about the appraised values on Investment Program handouts, Good Faith Estimates for financing and on applications for financing which United Mortgage prepared, all of which the MU Partners and First Community, Norlarco, Webster and EMC furnished to the Plaintiffs.

150. The MU Partners did not intend to purchase choice, prime and premium lots in a comparable neighborhood. Instead, they intended to find cheap lots which the MU Partners or their agents could buy and resell to the Plaintiffs at a substantial profit regardless of the suitability of the lots for the Plaintiffs' investment purposes.

151. The MU Partners did not intend to refrain from overbuilding in a neighborhood. Instead, they intended to buy numerous lots close together to save on lot purchase and home building costs, which savings they intended to keep for themselves as additional profit on their transactions with the Plaintiffs.

152. The MU Partners did not intend to obtain suitable financing at the best market rates available. Instead, the MU Partners, First Community, Norlarco, Webster and EMC

intended to overcharge the Plaintiffs on closing costs and interest to increase their profits on the financing at the Plaintiffs' expense.

153. The MU Partners did not intend to limit purchase of homes and lots in the MU Program to only MU students and sold to persons who had never attended MU, thereby creating more competition for sales of the MU Properties.

154. The MU Partners did not intend to look out for the best interests of the Plaintiffs. Instead they intended to look out for their own best interests and to maximize their own profits at the expense of the Plaintiffs.

155. The MU Partners and First Community, Norlarco, Webster and EMC knew that the representations referenced above were false when they were made.

156. The MU Partners and First Community, Norlarco, Webster and EMC made the representations referenced above with the intent and for the purpose of inducing the Plaintiffs' reliance.

157. The Plaintiffs justifiably relied to their detriment on these misrepresentations by entering into contracts to purchase the MU Properties and to finance their purchase of the MU Properties and paying money to one or more of the MU Partners, First Community, Norlarco, Webster and EMC and to third parties for such purchase and financing.

158. As a direct and proximate result of the MU Partners' and First Community, Norlarco, Webster and EMC's fraud as set forth above the Plaintiffs have been damaged.

159. The Plaintiffs have demanded rescission of the contracts to purchase, the notes and the mortgages entered into for the purchase and financing of the MU Properties.

WHEREFORE, the Plaintiffs demand judgment in their favor and against the MU Partners, First Community, Norlarco, Webster and EMC for rescission of the contracts to purchase the MU Properties, the promissory notes and the mortgages entered into for the financing of the MU Properties, rescissionary damages, money damages, punitive damages, costs, interests and all other and further relief that this court deems just.

COUNT XIII
FRAUD IN THE INDUCMENT
CLC AND HURON

160. The CLC Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 93-96, 104-105, and 115-116 above.

161. The representations referenced above were made on behalf of CLC and Huron.

162. Before CLC entered into promissory note and mortgage transactions with the CLC Plaintiffs and Huron agreed to and accepted assignment of same, CLC and Huron knew that the MU Partners made these representations and knew that such representations were false.

163. CLC and Huron intended that these representations induce the CLC Plaintiffs to enter into promissory note and mortgage transactions with CLC and Huron.

164. The CLC Plaintiffs justifiably relied upon these representations to their detriment by entering into promissory notes and mortgage transactions with CLC and Huron and paying money to CLC and Huron.

165. As a direct and proximate result of the fraud of CLC and Huron, the CLC Plaintiffs have been damaged.

WHEREFORE, the CLC Plaintiffs demand judgment in their favor and against CLC and Huron for rescission of the promissory notes and the mortgages entered into for the financing of the MU Properties, rescissionary damages, money damages, punitive damages, costs, interests and all other and further relief that this court deems just.

COUNT XIV
FRAUD IN THE INDUCEMENT
GREENBRIAR REH

166. The Greenbriar REH Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 91e., i. and m., 120-125 and 131-138 above.

167. The representations referenced above were made on behalf of Greenbriar REH.

168. Before Greenbriar REH entered into contracts with the Greenbriar REH Plaintiffs to sell lots to them, Greenbriar REH knew that the MU Partners made these representations and knew that such representations were false.

169. Greenbriar REH intended that these representations induce the Greenbriar REH Plaintiffs to enter into contracts to purchase lots from Greenbriar REH.

170. The Greenbriar REH Plaintiffs justifiably relied upon these representations to their detriment by entering into contracts to purchase and purchasing lots from the Greenbriar REH and paying money to Greenbriar REH and third parties.

171. As a direct and proximate result of the fraud of Greenbriar REH the Greenbriar REH Plaintiffs have been damaged.

WHEREFORE, the Greenbriar REH Plaintiffs demand judgment in their favor and against Greenbriar REH for rescission of the contracts to purchase lots from Greenbriar REH,

rescissionary damages, money damages, punitive damages, costs, interests and all other and further relief that this court deems just.

COUNT XV
FRAUDULENT LIEN
GULFSTREAM

172. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-91, 142-143, and 147-157.

173. Gulfstream has filed liens upon the MU Properties listed in Exhibit B to this Complaint and has not released such liens. The owners of those properties are listed in Exhibit B and are referred to as the Gulfstream Plaintiffs.

174. The liens filed by Gulfstream against the MU Properties are fraudulent liens filed in violation of §713.31 Florida Statutes in that the Gulfstream Plaintiffs do not owe any money to Gulfstream.

175. Pursuant to §713.31(2)(c) Florida Statutes the Gulfstream Plaintiffs have a right to discharge of the liens and to recover damages from Gulfstream including but not limited to court costs, clerks fees, attorneys fees, and punitive damages.

WHEREFORE, the Gulfstream Plaintiffs demand judgment against Gulfstream discharging the liens filed against the MU Properties, and awarding damages and punitive damages to the Gulfstream Plaintiffs, including costs, clerk's fees and attorneys' fees.

COUNT XVI
CIVIL CONSPIRACY TO DEFRAUD
MU PARTNERS

176. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 86-91, 99, 107-109, 111, 124, 127-129, 141, 143, and 147-158 above.

177. The MU Partners combined and conspired to create and maintain the MU Program or Enterprise as alleged above for the purpose of committing the frauds alleged above upon the Plaintiffs.

178. Defendants committed one or more acts in furtherance of the conspiracy in Florida by obtaining fraudulent appraisals, by preparing and submitting fraudulent loan documents, by making false representations of material fact to Plaintiffs, and by filing fraudulent liens, all as previously alleged.

179. As a direct and proximate result of the conspiracy and the wrongful actions taken in furtherance of the conspiracy, Plaintiffs have been damaged.

WHEREFORE, Plaintiffs demand judgment against the MU Partners, jointly and severally, awarding Plaintiffs money damages, interest and costs of suit.

COUNT XVII
FLORIDA RICO CONSPIRACY
MU PARTNERS

180. The Plaintiffs reallege and incorporate by reference the allegations of paragraphs 1-84, 86-91, 99, 107-109, 111, 124, 127-129, 141, 143, 147-158, and 177-179 above.

181. Each of the MU Partners is a “person” as used at §772.103, Florida Statutes.

182. The MU Enterprise is an “enterprise” as defined at §772.102(3), Florida Statutes.

183. The MU Partners combined and conspired to engage in a pattern of conduct to fraudulently induce Plaintiffs to purchase the MU Properties and to secure their purchase with mortgages against the MU Properties.

184. The actions of the MU Partners in furtherance of the conspiracy involved distinct and independent criminal acts. They were neither isolated nor sporadic events, but involved the regular and repeated violation of law to accomplish the MU Partners' desired ends in the course of the continuing business of the racketeering enterprise defined above. The criminal acts were related to each other by virtue of (a) common participants, (b) common victims, (c) common methods of commission, and (d) the common purpose and common result of inducing the Plaintiffs to purchase, mortgage and finance the MU Properties.

185. In doing so, the MU Partners repeatedly violated the provisions in Chapter 817 and Section 817.034 of the Florida Statutes, therefore continually engaged in a "pattern of criminal activity" within the meaning of §772.102(4), Florida Statutes.

186. Moreover, in furtherance of the conspiracy to defraud, one or more of the MU Partners prepared and sent through the United States Mail advertisements or literature to induce the Plaintiffs and others similarly situated to invest in the MU Properties and to finance the investment through the MU Enterprise or its agents. In sending such materials through the United States Mail in furtherance of the conspiracy, one or more of the MU Partners repeatedly violated 18 U.S.C. §1341 and therefore continually engaged in a "pattern of criminal activity" within the meaning of §772.102(4), Florida Statutes.

187. The MU Partners therefore unlawfully and willfully combined, conspired, confederated and agreed with each other to violate §817.034, Florida Statutes and 18 U.S.C. §1341, that is, to conduct and participate, directly or indirectly, in the conduct of the affairs

of the racketeering enterprise of defrauding the Plaintiffs as described above, all in violation of §772.103(4), Florida Statutes.

WHEREFORE, the Plaintiffs demand judgment against the MU Partners, jointly and severally, for damages, including treble damages, prejudgment interest, costs, attorney's fees and such further relief that is just and appropriate.

COUNT XVIII
FEDERAL RICO
MU PARTNERS, HURON, CLC, NORLARCO, GREENBRIAR

188. The Plaintiff's reallege and incorporate by reference the allegations of paragraphs 1-84, 86-91, 93-96, 99-100, 102-105, 107-112, 115-117, 120-125, 127-129, 132-136, 138, 141, 143, 145, 147-157, 161-165, 167-171, 173-174, 177-179, and 181-187 above.

189. Each of the MU Partners, CLC, Huron, Norlarco, and Greenbriar is a "person" as defined in Title 18 United States Code, section 1961(3).

190. The MU Enterprise is an "enterprise" as defined in Title 18 United States Code, section 1961(4).

191. Being employed by or associated with an enterprise engaged in, or the activities of which affected, interstate commerce, the MU Partners, CLC, Huron, Norlarco, and Greenbriar participated, directly or indirectly, in the conduct of that enterprise's affairs through a pattern of racketeering activity, to wit; at least two incidents of specified criminal activity in connection with the sale of real property to the Plaintiffs and others as described in.

192. The actions of the MU Partners, CLC, Huron, Norlarco and Greenbriar involved distinct but interrelated criminal acts. The criminal acts were neither isolated nor

sporadic incidents, but were related to each other by virtue of common participants, common victims, common methods of commission, a common purpose and a common result.

193. The MU Partners, CLC, Huron, Norlarco and Greenbriar committed at least two such criminal acts from January 2004 to the date of the filing of this Complaint. The criminal acts included but were not limited to numerous and repeated violations of Title 18 United States Code, section 1341 (mail fraud), section 1343 (wire and television fraud), and section 1344 (financial institution fraud).

194. Having devised and intended to devise a scheme to defraud, and for obtaining money by fraudulent pretenses, representations or promises, the MU Partners, CLC, Huron, Norlarco and Greenbriar on more than one occasion from at or around January 2004 up to and including the date of the filing of this Complaint, and for the purpose of executing or attempting to execute that scheme to defraud, did place, or cause to be placed in an authorized depository, a matter or thing to be sent or delivered by the Postal Service or by a private or commercial carrier. These acts constitute criminal violations of the United States laws prohibiting mail fraud set out in Title 18 United States Code, section 1341.

195. Having devised and intended to devise a scheme to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, the MU Partners on more than one occasion from January 2004 up to and including the date of the filing of this Complaint transmitted or caused to be transmitted by Television, communication in interstate commerce, namely: signals, pictures, and sounds with the purpose of executing the scheme to defraud. These transmissions occurred regularly in the form of "Infomercials" broadcast in states around the country and were transmitted in

violation of the provisions of Title 18 United States Code, section 1343, prohibiting fraud by Television transmission.

196. Having devised and intended to devise a scheme to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, the MU Partners, CLC, Huron, Norlarco and Greenbriar on more than one occasion from at or around January 2004 up to and including the date of the filing of this Complaint, did transmit and cause to be transmitted by wire, communication in interstate commerce. These wire transmissions included writings, signs, signals, pictures, or sounds for the purpose of executing the above referenced scheme to defraud, in violation of Title 18 United States Code, section 1343, which prohibits fraud by wire.

197. The MU Partners, CLC, Huron, Norlarco and Greenbriar executed and attempted to execute a scheme to defraud a financial institution and to obtain money, funds, credits, assets, securities, and other property owned by, or under the custody or control of a financial institution, by means of false or fraudulent pretenses, representations, or promises. This scheme was facilitated by numerous and frequent acts of bank fraud in violation of Title 18 United States Code, section 1344, including but not limited to:

- a. Misrepresenting the appraised value of the MU Properties;
- b. Fraudulently creating false loan documents which misstated the purpose for which the homes were being constructed;
- c. Misrepresenting the meaning of the loan documents to the Plaintiffs;
- d. Fraudulently creating false loan documents to finance the purchase of the MU properties, which were based upon fraudulent and inflated appraisals;

- e. Preparing loan and closing documentation which charged excessive prices and falsely represented expenses which were not incurred;
- f. Charging loan discount fees to the Plaintiffs for a discount on the loan interest rate, and then failing to discount the interest rate.

The above offenses occurred frequently and regularly from January 2004 up to and including the filing of this Complaint in connection with the loan portfolios, documents, and records prepared by the MU Partners, CLC, Huron, Norlarco and Greenbriar in connection with the loans of the Plaintiffs as described herein.

198. The actions described above constitute an unlawful criminal racketeering activity in violation of Title 18 United States Code, section 1962(c).

199. The Plaintiffs have been injured in their business and property by reason of the CLC, Huron, Greenbriar, Norlarco and the MU Partners' violation of Title 18 United States Code, section 1962(c).

WHEREFORE, the Plaintiffs demand judgment against the MU Partners, CLC, Huron, Norlarco and Greenbriar jointly and severally, for damages, including treble damages, prejudgment interest, costs, attorney's fees and such other relief that is just and appropriate.

COUNT XIX
FEDERAL RICO CONSPIRACY
MU PARTNERS, CLC, HURON, AND GREENBRIAR

200. The Plaintiffs reallege and incorporate the allegations in paragraphs 1-84, 86-91, 93-96, 99-100, 102-105, 107-112, 115-117, 120-125, 127-129, 132-136, 138, 141, 143, 145, 147-157, 161-165, 167-171, 173-174, 177-179, 181-187, and 189-199 above.

201. From on or about January, 2004 up to and including the date of the filing of this Complaint, the MU Partners, CLC, Huron, Norlarco and Greenbriar did combine, conspire, confederate, and agree with each other and with other persons unknown, to violate the provisions of Title 18 United States Code, section 1962(c) as set forth in paragraphs 189-199 herein; all in violation of Title 18 United States Code, section 1962(d).

202. The Plaintiffs were injured in their business or property by reason of the CLC, Huron, Greenbriar, and MU Partners' violation of Title 18 United States Code, section 1962(d) as set forth above.

WHEREFORE, the Plaintiffs demand judgment against the MU Partners, jointly and severally, for damages, including treble damages, prejudgment interest, costs, attorney's fees, and such other relief that is just and appropriate.

COUNT XX
FLORIDA FAIR DEBT COLLECTIONS PRACTICES ACT

203. Plaintiffs Acciard Amberg, Bates, Easterly, Farmer, Forscutt, Ghiloni, Hernandez, Kapp, Laubach, Lewis, Long, Marek, McCann, Montgomery, Neher, Shifflett, Silcox, Torlucci and Wright reallege and incorporate herein by reference the allegations of paragraphs 1-84 above as if fully set forth herein. The allegations of this count concern unlawful collection practices of Gulfstream Development Group LLC, CLC, Huron, Webster Bank and EMC to collect alleged debts which arose from the fraudulent activity of the Defendants set forth in paragraphs 1-84 above.

204. Defendants CLC and Huron have made and/or caused others to make numerous false and misleading statements to one or more credit bureaus using the U.S. Mail regarding Plaintiffs, Bates, Easterly, Forscutt, Ghiloni, Hernandez, Lewis, Donald and Nina

Long, Marek, McCann, Montgomery, Neher, Shifflett, Torlucci and Wright indicating and implying that such Plaintiffs would not pay their just debts, without any disclosure to the recipients of the statements that the debt was and is disputed by such Plaintiffs, in violation of Sections 559.72 (6) of the Florida Statutes.

205. Defendant Huron wrote letters to Plaintiffs Bates, Easterly, Forscutt, Ghiloni, Hernandez, Lewis, Long, Marek, McCann, Montgomery, Neher, Shifflett, Torlucci and Wright in May, 2007 demanding payment of debts which Huron knew were obtained by fraud and threatened to report information to such credit reporting agencies that would harm the credit of such Plaintiffs without informing such Plaintiffs that the existence of the Plaintiffs' dispute over such alleged debts also would be disclosed to the credit reporting agencies, in violation of Section 559.72(3) of the Florida Statutes..

206. Defendant Gulfstream Development Group LLC wrote letters to Plaintiffs Amberg and Silcox demanding payment of debts which Gulfstream Development Group LLC knew were obtained by fraud and threatened to report information to such credit reporting agencies that would harm the credit of such Plaintiffs without informing such Plaintiffs that the existence of the Plaintiffs' dispute over such alleged debts also would be disclosed to the credit reporting agencies, in violation of Section 559.72(3) of the Florida Statutes.

207. Defendants Gulfstream Development Group LLC, CLC, Huron, Webster Bank and EMC claimed, attempted, or threatened to enforce debts against when Gulfstream Development Group LLC, CLC and Huron knew that the alleged debts were not legitimate in violation of Section 559.72(9) of the Florida Statutes.

208. Defendant Huron communicated with Plaintiffs Bates, Easterly, Forscutt, Ghiloni, Hernandez, Lewis, Donald and Nina Long, Marek, McCann, Montgomery, Neher, Shifflett, Torlucci and Wright by letters demanding payment of the alleged debts in May, 2007 after this lawsuit was filed and knowing that the alleged debtors were represented by an attorney with respect to such alleged debts and had knowledge of, or could readily ascertain, such attorney's name and address, in violation of Section 559.72(18) of the Florida Statutes.

209. Defendant CLC communicated with Plaintiff Frederick Laubach by letter demanding payment of his alleged debt in August, 2007 after this lawsuit was filed and knowing that the alleged debtor was represented by an attorney with respect to such alleged debt and had knowledge of, or could readily ascertain, such attorney's name and address, in violation of Section 559.72(18) of the Florida Statutes.

210. Defendant Webster Bank communicated with Plaintiff Acciard by letter on October 30, 2007 demanding payment of his alleged debt to Webster Bank after this lawsuit was filed and knowing that Acciard were represented by an attorney with respect to such alleged debt and had knowledge of, or could readily ascertain, such attorney's name and address, in violation of Section 559.72(18) of the Florida Statutes.

211. Defendant EMC communicated with Plaintiffs Farmer and Kapp by letters in December 2007 and January 2008 respectively, demanding payment of their alleged debts to EMC after this lawsuit was filed and knowing that Farmer and Kapp were represented by an attorney with respect to such alleged debt and had knowledge of, or could readily ascertain, such attorney's name and address, in violation of Section 559.72(18) of the Florida Statutes

212. At all material times the Defendants Gulfstream Development Group LLC, CLC, Huron, EMC and Webster Bank acted as debt collectors seeking to collect an alleged debt.

213. The acts of the defendants Gulfstream Development Group LLC, CLC, Huron, Webster Bank and EMC described above were done and performed willfully, wantonly, and maliciously without regard to their effect on the Plaintiffs identified in this Count.

214. As a direct and proximate result of the conduct and acts of the Defendant CLC and Huron described above, the credit rating of the Plaintiffs Bates, Easterly, Forscutt, Ghiloni, Hernandez, Lewis, Donald and Nina Long, Marek, McCann, Montgomery, Neher, Shifflett, Torlucci and Wright above has been impaired, and such Plaintiffs have suffered severe pain and distress of body and mind, and great mental anguish, embarrassment, humiliation, and shame, all to Plaintiffs damage and detriment.

215. The Plaintiffs identified in this Count have been required to employ the undersigned counsel to represent them against the willful, wanton, malicious, and wrongful acts of defendants Gulfstream Development Group LLC, CLC, Huron, EMC and Webster Bank alleged above, and have agreed to pay counsel a reasonable attorney fee.

216. Such Plaintiffs have incurred, and will continue to incur, additional expenses in defending against the Defendants' false claims and unlawful conduct, including court costs and other expenses, all to such Plaintiffs further damage and detriment.

217. Notwithstanding the foregoing such Plaintiffs have no adequate remedy at law, and will suffer irreparable injury if Defendants are permitted to continue their unlawful efforts to coerce them into paying the alleged debts.

WHEREFORE, Plaintiffs Acciard Amberg, Bates, Easterly, Farmer, Forscutt, Ghiloni, Hernandez, Kapp, Laubach, Lewis, Long, Marek, McCann, Montgomery, Neher, Shifflett, Silcox, Torlucci and Wright request judgment:

A. That the Defendants Gulfstream Development Group LLC, CLC, Huron, EMC and Webster Bank be enjoined from any and all further illegal collection practices;

B. For actual damages or for statutory damages of \$1000, whichever is greater, plus punitive damages;

C. For attorney fees pursuant to section 559.77 of the Florida Statutes;

D. For costs of suit; and

E. For such other and further relief as the court deems proper.

COUNT XXI
DEFAMATION
HURON AND CLC

218. The allegations of paragraphs 1-84 and 203-217 are realleged and incorporated herein by reference as if fully set forth herein.

219. Defendants CLC and Huron published false statements to third parties, including credit reporting agencies, regarding the creditworthiness of Plaintiffs Bates, Easterly, Forscutt, Ghiloni, Hernandez, Lewis, Donald and Nina Long, Marek, McCann, Montgomery, Neher, Shifflett, Torlucci and Wright.

220. Defendants CLC and Huron knew such statements were false or were made with reckless disregard for their truth and without reasonable grounds for Defendants to believe they were true. Defendants CLC and Huron made these statements with the intent to injure and defame the Plaintiffs identified in paragraph 219. Defendant made these statements maliciously and as part of Defendant's efforts to compel such Plaintiffs to pay on the alleged debts, despite the debts having been incurred through the Defendants fraud.

221. Plaintiffs Bates, Easterly, Forscutt, Ghiloni, Hernandez, Lewis, Long, Marek, McCann, Montgomery, Neher, Shifflett, Torlucci and Wright have incurred damages, including but not limited to: a tarnished credit rating, increased interest rates for purchases resulting from said tarnished reputation; shame, humiliation, and embarrassment; emotional harm and loss and damage to Plaintiff's reputation, all as a result of said defamatory statements made by Defendants.

WHEREFORE, Plaintiffs Bates, Easterly, Forscutt, Ghiloni, Hernandez, Lewis, Long, Marek, McCann, Montgomery, Neher, Shifflett, Torlucci and Wright demand judgment in their favor for compensatory damages, special and general damages, punitive damages, court costs, interest, and all other further relief which this Court deems just.

DEMAND FOR JURY TRIAL

The Plaintiffs demand a trial by jury on all claims and issues so triable.

Dated: March 28, 2008

By: /s/ G. Wrede Kirkpatrick

G. Donovan Conwell, Jr.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 28th day of March, 2008, I electronically filed the foregoing using the Court's CM/ECF system which will send a Notice of Electronic Filing to the attached Service List:

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I FURTHER CERTIFY that I served via U.S. Mail a true and accurate copy of the foregoing to the following non-CM/ECF participants:

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